



**OFFICE OF THE STATE AUDITOR**  
**Special Investigations Division**  
**Case Closure Form**

Assigned To: Hamish Thomson  
Agency Code: 963  
Tracking Number #: 2017-0028  
Agency Name: Northern New Mexico College ("NNMC")  
NetClaim Report #: N/A  
Date Received: February 28, 2017

This case to be considered closed due to:

- ☐ Special Investigation/Audit completed  
☒ Case has been referred to prosecution  
    ☐ Prosecuted  
    ☐ Declined

☒ Case was referred to IPA or Oversight entity, response received follow up is complete

- ☐ Not in Special Investigation Division's purview  
    ☐ Private entity  
    ☐ No fraud, waste or abuse of financial resources  
    ☐ Referred to OSA Government Accountability Office  
    ☐ Referred to OSA Constituent Communications  
    ☐ Referred to external entity (no follow up required)

☐ Statute of limitations has run

☐ Other (Please detail work performed and results and justification for closure in narrative section)

- ☐ No credible allegations  
☐ Inactivity / lack of information  
☐ Other (see narrative)

***Final Correspondence***

- ☐ NetClaim outgoing language  
☐ Official letter

***Administrative***

- ☒ File review and clean up (ensure signed copies of letters are included, drafts are removed, organize news articles, supporting documents, source documents and work papers)  
☒ Close in NetClaim  
☒ Close in tracking log  
☒ Complete file and archive

### ***Description:***

The Office received multiple allegations regarding NNMC between 2013 and early 2017, some of which dated back to 2011. See cases 2015-0246, 2016-0173 and 2016-0197 for more information. During the course of our fact finding NNMC experienced a change in leadership and hired a new President, Dr. Richard Bailey, through a nationwide search process. We met with whistleblowers, those charged with governance, executive management and community members. We formally wrote to oversight agencies and the Independent Public Accountant ("IPA") responsible for auditing NNMC's financial statements. These efforts culminated in us requiring that the IPA perform additional procedures in regard to bank reconciliations.

Counsel for NNMC, on February 28, 2017, informed us that the Finance Director of NNMC had resigned with an admission of a potential misappropriation of funds which may be around \$200,000. Subsequent documentation, for the period between August 20, 2012 and July 29, 2013, included a list of cash totaling \$70,861.15 and checks totaling \$135,002.45.

### ***Procedures:***

The IPA, Jaramillo Accounting Group, conducting the fiscal year 2016 financial audit noted recurring problems as part of their fiscal year 2016 annual audit. The Deputy State Auditor instructed the IPA to perform additional procedures in regard to the main NNMC bank reconciliation. As a result of these actions the Finance Director resigned with what appears to be an admission of asset misappropriation.

### **Background:**

The Office had received multiple allegations of problems at NNMC, including cases prior to January 1, 2015. These concerns were addressed through letters to oversight authorities, an audit by the Higher Education Department, meetings with those responsible for governance at NNMC and a referral to the Independent Public Accountant auditing the financial statements for fiscal year 2016. These allegations, with related media coverage, are contained in Case 2015-0246.

### **NM Courts:**

The Office searched for cases related to the former Finance Director and identified a foreclosure case filed January 28, 2016 D-101-CV-201600226 and a debt case filed January 12, 2016.

### **Prior year audits:**

The fiscal year 2016 audit, finding 2016-002, identified "Potential Fraud, Forgery, Embezzlement, Larceny and Non-Compliance" as a material weakness.

### **Statutes and Regulations:**

Relevant statutes identified in finding 2016-002 include the Governmental Conduct Act, Article 10 Sections 16 NMSA 1978, Section 30-16-6 NMSA 1978 "Fraud," Section 30-16-1 NMSA 1978 "Larceny," Section 30-16-8 NMSA 1978 "Embezzlement," Section 30-16-10 NMSA 1978 "Forgery," Section 30-23-3 NMSA 1978 "Making or permitting false public voucher" and Section 30-26-1 NMSA 1978 "Tampering with public records."

### **Other Procedures**

The Office notified, on March 1, 2017, 1<sup>st</sup> Judicial District Attorney Marco P. Serna of potential criminal violations, copied to the New Mexico State Police.

The Office approved a Consulting Services Contract for \$45,000 dated August 4, 2017 between NNMC and McHard Accounting Consulting. This scope of this contract was amended and the fees increased by \$70,000 to a total of \$115,000.

The Office received a copy of a U.S. Department of Education letter to Dr. Bailey, Ph. D. dated September 21, 2017 related to their follow up to single audit findings. This letter references audit Finding 2016-002 which indicates evidence was taken by law enforcement and that as a result the exact extent of resulting losses is unknown.

***Analysis:***

This matter has been referred to law enforcement and the prosecuting authority. A Consulting Services Report is in place to provide consulting services resulting from issues identified in the fiscal year 2016 audit. Law enforcement is in exclusive possession of NNMC information which is causing audit difficulties for NNMC.

***Recommendation:***

Closure with a referral to the Independent Public Accountant for fiscal year 2017.


***Follow up:***

The Consulting Services Report, when complete, will be provided to the Office.

***Closure:***

Letter to the NNMC President.

Reviewed by:

  
\_\_\_\_\_

Date:

10/10/17

Executive Management:

  
\_\_\_\_\_

Date:

10/10/17

**NORTHERN NEW MEXICO COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016**

**2016-002      POTENTIAL FRAUD, FORGERY, EMBEZZLEMENT, LARCENY AND NON-COMPLIANCE**

**TYPE OF FINDING: Material Weakness**

**CATEGORY: State Law Compliance – Other**

**CONDITION**

During this year's audit, JAG requested cash reconciliations through the normal, routine audit process. However, the former Director of Financial Services did not provide these timely, along with other areas relating to prior year or current year findings. JAG continued to request the cash reconciliations in several formal meetings with her and management as the audit progressed.

Close to the audit deadline of November 15, 2016, we contacted the Vice President for Finance and Administration and the College President to again communicate that she was not being forthcoming with the information. After much evasion, the former Director of Financial Services finally provided the reconciliations the evening before the scheduled exit conference. After auditing the reconciliations, we concluded that the General Operating Account bank reconciliation's outstanding checks appeared to be intentionally altered to exclude certain outstanding checks and even portions of outstanding checks in order to force the book to bank difference to reconcile.

When questioned, the former Director of Financial Services stated that the bank reconciliation had errors that needed to be researched and that she had changed the reconciliation from what her staff had prepared. The College requested additional time to research and correct the bank reconciliation. JAG notified the NM State Auditor's Office of the irregularity, the risks of fraud and that the audit would be late.

JAG and the College's Administration continued to press her for the information and in February 2017, after consulting with the Deputy State Auditor, JAG recommended the College hire an external contractor to reconcile all the bank accounts to the general ledger from the time the former Director of Financial Services began her employment through June 30, 2016. To ensure complete independence and transparency over the process, JAG also recommended that both the former Director of Financial Services and the Vice President for Finance and Administration be excluded from the cash reconciliation work with the contractor.

The following Monday, the former Director of Financial Services resigned from her position and admitted to taking over \$200,000 from the College. She provided a spreadsheet with a detail of deposits taken covering the time period of August of 2012 through July of 2013 (approximately \$71,000 in cash and \$135,000 in checks, totaling approximately \$206,000). The revised bank reconciliation at June 30, 2016 shows an additional approximately \$24,000 in reconciling items added to the bank reconciliation from July of 2013 through August of 2015. The checks were apparently uncashed, however we were unable to verify the detail of checks taken since the box was taken as evidence by law enforcement. *The amounts may be higher and there are several other areas of fraud risk yet to be investigated.*

Interviews of staff reveal that they had asked about missing deposits multiple times and the former Director of Financial Services just replied that there were more important things to work on and that the Vice President for Finance and Administration was researching these items. It was also reported to us that there had been phone calls from parents, students, and other organizations asking why their checks had not been cashed. These calls were referred to the former Director of Financial Services and some checks were replaced, but there was no accountability.

After the admission, the College properly notified the New Mexico State Auditor's Office as is required by Section 12-6-6 NMSA 1978.

**NORTHERN NEW MEXICO COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended June 30, 2016**

**2016-002      POTENTIAL FRAUD, FORGERY, EMBEZZLEMENT, LARCENY AND NON-COMPLIANCE (CONTINUED)**

JAG recommends a forensic special audit be performed for the related time period. At this time, account balances and the extent of any fraud, waste, or abuse is unknown, causing Disclaimer opinions on the College's financial statements and federal funds.

**CRITERIA**

NM State Audit Rule 2.2.2.10 (K) (2) Pursuant to Section 12-6-6 NMSA 1978 (criminal violations), an agency [College] or IPA [external auditor] shall notify the state auditor immediately, in writing, upon discovery of any violation of a criminal statute in connection with financial affairs. The notification shall include an estimate of the dollar amount involved, and a complete description of the violation, including names of persons involved and any action taken or planned. If warranted, the state auditor may cause an audit of the financial affairs and transactions of the agency in whole or in part pursuant to Section 12-6-3 NMSA 1978 and 2.2.2.15 NMAC. If the state auditor does not designate an agency for audit, an agency shall follow the provisions of 2.2.2.15 NMAC when entering into a professional services contract for a special audit, performance audit or attestation engagement regarding the financial affairs and transactions of the agency relating to financial fraud, waste and abuse.

If any information comes to our attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. Additionally, the external auditor's consideration of fraud in a financial statement audit includes reporting to management and/or governance any evidence that fraud may exist.

The Governmental Conduct Act NMSA 1978 Section 10-16-2(I): "Public employees" include employees of local governmental agencies, officers, elected or appointed officials, and those eligible to receive per diem or mileage.

**Public employment or office is a public TRUST.** Officers and employees must maintain integrity and high ethical standards. Public officers and employees shall:

Section 10-16-3(A): Not use their position to advance personal or private interests, and

Section 10-16-3(C): Disclose real or potential conflicts of interest.

Section 10-16-2(I): Not offer, request or receive any money or thing of value in exchange for performance of an official act, or take official act which primarily enhances personal financial interest. Imposes 4<sup>th</sup> degree felony penalties, Sections 10-16-3D and 10-16-4A.

Section 10-16-3.1C: Not use or allow use of governmental property for unauthorized purposes.

Section 10-16-4B,C Not engage in an official act directly affecting personal financial interest (unless greater benefit accrues to the public) or acquire financial interest which will be affected by the officer's or employee's official action.

NMSA 1978 30-16-6 *Fraud* consists of the intentional misappropriation or taking of anything of value which belongs to another by means of fraudulent conduct, practices or representations.

NMSA 1978 Section 30-16-1 *Larceny* consists of: A) Larceny consists of the stealing of anything of value that belongs to another. B) Whoever commits larceny when the value of the property stolen is two hundred fifty dollars (\$250) or less is guilty of a petty misdemeanor. C) Whoever commits larceny when the value of the property stolen is over two hundred fifty dollars (\$250) but not more than five hundred dollars (\$500) is guilty of a misdemeanor. D) Whoever commits larceny when the value of the property stolen is over five hundred dollars (\$500) but not more than two thousand five hundred dollars (\$2,500) is

**NORTHERN NEW MEXICO COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016**

**2016-002      POTENTIAL FRAUD, FORGERY, EMBEZZLEMENT, LARCENY AND NON-COMPLIANCE (CONTINUED)**

guilty of a fourth degree felony. E) Whoever commits larceny when the value of the property stolen is over two thousand five hundred dollars (\$2,500) but not more than twenty thousand dollars (\$20,000) is guilty of a third degree felony. F) Whoever commits larceny when the value of the property stolen is over twenty thousand dollars (\$20,000) is guilty of a second degree felony.

NMSA 1978 Section 30-16-8 *Embezzlement* consists of the embezzling or converting to his or her own use of anything of value with which he or she has been entrusted, with fraudulent intent to deprive the owner thereof.

NMSA 1978 Section 30-16-10 *Forgery* consists of: A) falsely making or altering any signature to, or any part of, any writing purporting to have any legal efficacy with intent to injure or defraud; or B) knowingly issuing or transferring a forged writing with intent to injure or defraud. "Legal efficacy" is a writing which could be made the foundation of liability, that would apparently operate to the legal prejudice of another. We usually think of forgery as altering a document for financial gain but it can also be "any document required by law to be filed...or necessary...to the discharge of a public official's duties."

NMSA 1978 Section 30-23-3 Making or permitting false public voucher consists of knowingly, intentionally or willfully making, causing to be made or permitting to be made, a false material statement or forged signature upon any public voucher, or invoice supporting a public voucher, with intent that the voucher or invoice shall be relied upon for the expenditure of public money. Whoever commits making or permitting false public voucher is guilty of a fourth degree felony.

NMSA 1978 Section 30-26-1 *Tampering with Public Records* consists of: A) knowingly altering any public record without lawful authority; B) any public officer or public employee knowingly filing or recording any written instrument, judicial order, judgment or decree in a form other than as the original thereof in fact appeared; C) any public officer or public employee knowingly falsifying or falsely making any record or file, authorized or required by law to be kept; D) any public officer or public employee knowingly issuing or causing to be issued, any false or untrue certified copy of a public record; or E) knowingly destroying, concealing, mutilating or removing without lawful authority any public record or public document belonging to or received or kept by any public authority for information, record or pursuant to law. Whoever commits tampering with public records is guilty of a fourth degree felony.

**EFFECT**

Allegations of fraud or actual fraud causes a decrease in public trust of the College. There is potentially fraud, larceny, and embezzlement of public funds that taxpayers, the Board of Regents, Administration, parents, staff, and students worked so hard to obtain for education. There are costs associated with investigating and auditing these situations further.

**CAUSE**

The College did not thoroughly take corrective action on previous audit findings over cash and other areas of internal control weaknesses and critical segregation of duties was allowed to be overridden by management and staff. The former Director of Financial Services overrode the College's internal control processes that did exist, including taking deposits to the bank and changing the bank reconciliations after the preparer had completed the reconciliations. The Vice President for Finance and Administration did not thoroughly review the bank reconciliations as the control was designed and asserted to the auditors in the prior year. Staff involved in the cash transaction cycle questioned the former Director of Financial Services on multiple occasions but never took their concerns to a high enough level to be fully addressed.



**NORTHERN NEW MEXICO COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended June 30, 2016**

**2016-002      POTENTIAL FRAUD, FORGERY, EMBEZZLEMENT, LARCENY AND NON-COMPLIANCE (CONTINUED)**

**RECOMMENDATION**

We recommend the Board of Regents, the Finance Committee, Administration, and other staff assess risk and put into place stronger controls and a high level of transparency and accountability to prevent and detect any future fraud or noncompliance. We recommend that the College make it a goal to be the most transparent College in the state and take the lead in transparency on their website and include the following:

- All salary schedules
- All disbursements
- All teacher contracts
- All vendor contracts
- Copies of the budget, including budget adjustments
- Monthly and annual financial statements
- Enrollment information and statistics
- Federal grant results and reports
- Complete Foundation information or link to their website with full information
- Consider disclosing all non-privacy related correspondence
- Link the NM State Auditor's Office fraud anonymous hotline

Tone at the top is absolutely critical, along with monitoring and accountability for controls, and including an open door policy to reporting suspicions, ideas, and asking questions to Administration and the Board without fear of retaliation. A separate HR Director who staff feel safe with is also important. Consider performing credit checks on those who will be working with the College's finances. We also recommend bonding key employees and those working with cash.

Internal Auditing is an important function of successful organizations. Adding an internal auditor that reports directly and independently to the Board of Trustees would be valuable in monitoring the controls you will put into place. This function can also be contracted out at reasonable rates and hours you control, perhaps with more effective results than hiring a full-time staff.

Training of staff to not allow internal controls to be circumvented even by a superior and to understand their duties will be helpful in preventing this from occurring in the future. Hiring an outside consultant to assist the College in training, reconciling, designing, implementing, and monitoring compliance with statutes, regulations, controls, policies, procedures, etc. is advisable.

Fraud is rarely discovered by the external audit as it was this year. It is mainly discovered through anonymous tips, so instituting an anonymous fraud hotline is important.

**MANAGEMENT RESPONSE**

Corrective action(s):

The College will bring forward a plan to the Board of Regent's Finance Committee and will present monthly updates regarding the corrective action related to all audit findings until they are resolved. The College is also proposing in the operating budget for FY18 (2017-2018) a contract for internal audit services to assist the Board of Regents, the Finance Committees, Administration, and other staff in our efforts to further assess risk and improve and strengthen internal controls. The College also supports the notion of a higher level of transparency and accountability and will continue to do so in our efforts to prevent and detect any future fraud or noncompliance.

**NORTHERN NEW MEXICO COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended June 30, 2016**

**2016-002      POTENTIAL FRAUD, FORGERY, EMBEZZLEMENT, LARCENY AND NON-COMPLIANCE (CONTINUED)**

Timeline of corrective action:

An operating budget will be developed and brought forward to the Board of Regents for their approval on April 10, 2017, as well as a contract for internal audit services implemented for FY18 (2017-2018).

Responsible person(s):

Vice President for Finance and Administration



Checks

1,287.69	4,158.96
3,111.00	250.41
10,036.55	314.80
440.00	638.00
1,029.62	1,638.98
287.40	1,012.50
1,332.70	315.36
1,137.86	60.00
612.89	40,119.70
87.81	950.00
78.00	521.71
3,122.24	1,745.64
224.00	2,339.22
6,300.00	227.00
2,269.18	340.00
4,172.63	546.72
66.45	8,254.80
5,182.47	3,641.70
100.00	604.70
127.17	1,718.66
1,500.00	215.93
975.00	193.88
479.56	382.00
2,397.51	150.52
552.28	93.00
201.67	2,428.15
2.14	1,155.85
1,215.74	487.05
796.29	3,330.39
655.00	20.00
	2,443.97
Subtotal	49,780.85
	4,922.00

**Total**

**\$ 135,002.45**

1405

# New Mexico Courts

## Case Lookup

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Case Detail

### Marshall Recovery II LLC v. Henrietta Trujillo

CASE DETAIL			
CASE NUMBER	CURRENT JUDGE	FILING DATE	COURT
D-101-CV-201600073	Thomson, David K.	01/12/2016	SANTA FE DISTRICT

PARTIES TO THIS CASE			
PARTY TYPE	PARTY DESCRIPTION	PARTY #	PARTY NAME
D	Defendant	1	TRUJILLO HENRIETTA
P	Plaintiff	1	MARSHALL RECOVERY II LLC
		ATTORNEY: WRIGHT FRANCELLE M.	

CIVIL COMPLAINT DETAIL				
COMPLAINT DATE	COMPLAINT SEQ #	COMPLAINT DESCRIPTION	DISPOSITION	DISPOSITION DATE
01/12/2016	1	OPN: COMPLAINT		
COA SEQUENCE #	COA DESCRIPTION			
1	Debt and Money Due			
PARTY NAME		PARTY TYPE	PARTY #	

REGISTER OF ACTIONS ACTIVITY					
EVENT DATE	EVENT DESCRIPTION	EVENT RESULT	PARTY TYPE	PARTY #	AMOUNT
01/17/2017	CLS: JUDGMENT/DEFAULT				
	Default Judgment				
01/10/2017	MTN: FOR DEFAULT JUDGMENT				
01/10/2017	CERTIFICATE AS TO THE STATE OF THE RECORD				
01/10/2017	AFFIDAVIT OF NON-MILITARY				
05/09/2016	SUMMONS RETURN				
	Summons & Return - Served				

01/13/2016	SUMMONS ISSUED				
	Proposed Summons				
01/12/2016	OPN: COMPLAINT				
	Complaint for Debt & Money Due				

JUDGE ASSIGNMENT HISTORY			
ASSIGNMENT DATE	JUDGE NAME	SEQUENCE #	ASSIGNMENT EVENT DESCRIPTION
01/12/2016	Thomson, David K.	1	INITIAL ASSIGNMENT

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# New Mexico Courts

## Case Lookup

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Case Detail

### Wilmington Savings fund Society FSB v. Henrietta M Trujillo, et. al.

CASE DETAIL			
CASE NUMBER	CURRENT JUDGE	FILING DATE	COURT
D-101-CV-201600226	Singleton, Sarah	01/28/2016	SANTA FE DISTRICT

PARTIES TO THIS CASE			
PARTY TYPE	PARTY DESCRIPTION	PARTY #	PARTY NAME
D	Defendant	1	TRUJILLO HENRIETTA M
D	Defendant	2	TRUJILLO JEREMY J
D	Defendant	3	TAXATION AND REVENUE DEPARTMENT OF THE STATE OF NEW MEXICO
P	Plaintiff	1	WILMINGTON SAVINGS FUND SOCIETY FSB
ATTORNEY: CHIADO RACHEL MARIE			

HEARINGS FOR THIS CASE					
HEARING DATE	HEARING TIME	HEARING TYPE	HEARING JUDGE	COURT	COURT ROOM
06/15/2017	1:00 PM	WRIT HEARING	Singleton, Sarah	SANTA FE DISTRICT COURT	Room 250

CIVIL COMPLAINT DETAIL				
COMPLAINT DATE	COMPLAINT SEQ #	COMPLAINT DESCRIPTION	DISPOSITION	DISPOSITION DATE
04/25/2017	1	CLS: JUDGMENT/ DISPOSITION	Decision for the Plaintiff	06/23/2017
COA SEQUENCE #	COA DESCRIPTION			
1	Foreclosure			
PARTY NAME		PARTY TYPE		PARTY #

COMPLAINT DATE	COMPLAINT SEQ #	COMPLAINT DESCRIPTION	DISPOSITION	DISPOSITION DATE
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01/28/2016	1	CLS: JUDGMENT/ DISPOSITION	Default Judgment Entered	07/22/2016
<b>COA SEQUENCE #</b>	<b>COA DESCRIPTION</b>			
1	Foreclosure			
<b>PARTY NAME</b>		<b>PARTY TYPE</b>	<b>PARTY #</b>	

REGISTER OF ACTIONS ACTIVITY					
EVENT DATE	EVENT DESCRIPTION	EVENT RESULT	PARTY TYPE	PARTY #	AMOUNT
06/23/2017	CLS: ORDER GRANTING WRIT				
	Order On Writ of Assistance Motion				
06/20/2017	ORD: ORDER				
	Order on Motion to File Motion to Set Aside Default Judgment and Writ of Assistance				
06/14/2017	MTN: MOTION		D	1	
	Motion for/to File a Motion to Set Aside Default Judgment and Writ of Assistance				
05/29/2017	NTC: OF HEARING				
	Notice of Hearing on Application for Writ of Assistance set for 06-15-2017 at 1:00 p.m.				
04/25/2017	RESPONSE		D	1	
	Response Regarding Appliation For Writ of Assistance and Request For Hearing				
04/25/2017	RPN: REOPEN/MISCELLANEOUS/OTHER				
	Application For Writ Of Assistance In Favor Of Purchaser Of Mortgages Premises At Special Master's Sale				
04/10/2017	REQUEST FOR HEARING/ SETTING				
	Request for Hearing				
03/09/2017	MISCELLANEOUS ENTRY		P	1	
	Demand to Vacate Premises				
03/09/2017	ENTRY OF APPEARANCE				
	ENTRY OF APPEARANCE				
09/21/2016	CLS: FINAL DECREE/ORDER/JUDGMENT				
	Order Approving Sale and Special Master's Report (No Deficiency)				
09/16/2016	SPECIAL MASTER REPORT				
09/16/2016	AFFIDAVIT OF PUBLICATION				
08/02/2016	NTC: OF SALE				
07/22/2016	NCJ: DEFAULT JUDGMENT				
	Default Judgment				

04/19/2016	CERTIFICATE AS TO THE STATE OF THE RECORD				
04/19/2016	MTN: FOR DEFAULT JUDGMENT				
04/19/2016	CERTIFICATE OF COMPLIANCE				
04/19/2016	AFFIDAVIT				
04/19/2016	AFFIDAVIT				
04/19/2016	AFFIDAVIT				
04/19/2016	AFFIDAVIT OF NON-MILITARY				
03/01/2016	SUMMONS RETURN				
	Served on 02-05-16				
03/01/2016	CERTIFICATE/ PROOF OF MAILING				
03/01/2016	SUMMONS RETURN		D	2	
	Served on 02-11-16				
03/01/2016	SUMMONS RETURN		D	1	
	Served on 02-11-16				
02/12/2016	DISCLAIMER				
	NMTRD DISCLAIMER				
01/29/2016	SUMMONS ISSUED				
	Summons 4				
01/29/2016	SUMMONS ISSUED				
	Summons 3				
01/29/2016	SUMMONS ISSUED				
	Summons 2				
01/29/2016	SUMMONS ISSUED				
	Summons 1				
01/28/2016	AFFIDAVIT				
	Affidavit Regarding Possession of Original Note				
01/28/2016	OPN: COMPLAINT				
	Complaint for Foreclosure				

JUDGE ASSIGNMENT HISTORY			
ASSIGNMENT DATE	JUDGE NAME	SEQUENCE #	ASSIGNMENT EVENT DESCRIPTION
01/28/2016	Singleton, Sarah	1	INITIAL ASSIGNMENT

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## Kevin Sourisseau

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**From:** Tony F. Ortiz <tony@ortiz-zamora.com>  
**Sent:** Tuesday, February 28, 2017 11:46 AM  
**To:** Kevin Sourisseau  
**Subject:** NNMC Matter: Supplemental Material  
**Attachments:** Henri.pdf  
  
**Importance:** High

Dear Mr. Sourisseau,

As per your request, here is the employee's letter discussing the nature of the infraction. It was received yesterday morning.

I want to reiterate that the College remains committed to assisting the OSA and local authorities in their review of this matter. Please let me know how I may be of assistance.

Tony Ortiz  
NNMC Counsel

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**ORTIZ & ZAMORA**  
Attorneys at Law, LLC

Tony F. Ortiz, Esq.  
2011 Botolph Road, Suite 200  
Santa Fe, NM 87505  
(505) 986-2900 phone  
(505) 986-2911 fax  
[tony@ortiz-zamora.com](mailto:tony@ortiz-zamora.com)

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## Kevin Sourisseau

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**From:** Nadine B. Mondragon <nadine@ortiz-zamora.com>  
**Sent:** Monday, February 27, 2017 6:08 PM  
**To:** Kevin Sourisseau  
**Cc:** dale.wagoner@state.nm.us; Tony F. Ortiz  
**Subject:** Section 12-6-6 Audit Act Notification Letter  
**Attachments:** Ltr to Kevin Sourisseau.2.27.2017.pdf

Dear Mr. Sourisseau:

Please see attached letter of today's date from Mr. Tony F. Ortiz, Counsel for Northern New Mexico College Board of Regents. Thank you.

Nadine Mondragon Stenberg  
Ortiz & Zamora, Attorneys at Law, LLC  
2011 Botolph  
Suite 200  
Santa Fe, NM 87505  
phone: (505) 986-2900  
fax: (505) 986-2911  
[tony@ortiz-zamora.com](mailto:tony@ortiz-zamora.com)  
[nadine@ortiz-zamora.com](mailto:nadine@ortiz-zamora.com)  
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**ORTIZ & ZAMORA**  
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TELEPHONE: (505) 986-2900  
(505) 986-2901  
FACSIMILE: (505) 986-2911

WEBSITE: [ortiz-zamora.com](http://ortiz-zamora.com)

February 27, 2017

**VIA EMAIL ONLY:**

Mr. Kevin Sourisseau  
Special Investigations, New Mexico State Auditor's Office  
[kevin.sourisseau@osa.state.nm.us](mailto:kevin.sourisseau@osa.state.nm.us)

***RE: Section 12-6-6 Audit Act Notification Letter***

Dear Mr. Sourisseau:

This law firm represents the Board of Regents for Northern New Mexico College. Pursuant to the Section 12-6-6 and NMAC 2.2.2k((2)), I am writing to notify the Office of the State Auditor of possible theft/embezzlement of public funds from the College.

The matter was discovered on the morning of February 27, 2017. The OSA was contacted by phone that same morning, and this supplemental written report is being provided to the OSA the afternoon of the same day.

At this juncture, the best estimate of the amount in question is between \$70,000 - \$80,000 in cash. The cash taken appears to have been part of bank deposits that were never completed, and there may have been improper adjustments to those bank records in an attempt to hide the transactions. Also, we believe that there may have been substantial amounts of checks to the College that were part of the improperly handled deposits, and although the checks were never converted by the employee, the checks were never credited to the College. That amount may exceed \$100,000.

We believe that the transactions in question arose in fiscal years 2012 and 2013, but we remain unsure of the scope.

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The employee at issue has resigned and has indicated a willingness to assist in the investigation by authorities.

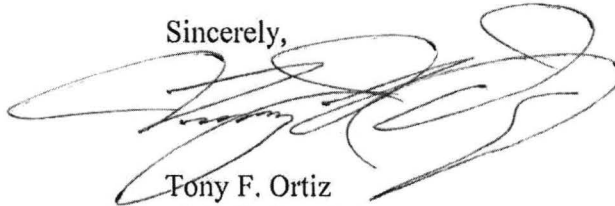
The College has bank records and other materials from the employee outlining the nature of the infractions. An associated spreadsheet created by the employee is also attached.

The College will be providing a copy of this letter to the New Mexico State Police so that an investigation can begin.

On a related note, the College is in the process of its annual audit, which is required for it to proceed with essential functions, such as providing financial aid to students. Unless we hear otherwise from the OSA or the NMSP, the College intends to allow that audit to proceed.

Please advise promptly what steps you would expect the College to take. The College will be supportive of the investigatory effort.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tony F. Ortiz', with a large, stylized flourish extending from the end of the signature.

Tony F. Ortiz  
NNMC Board Counsel

TFO/nmb  
Enclosure as cited  
cc w/encl.: [dale.wagoner@state.nm.us](mailto:dale.wagoner@state.nm.us)

DATE	CASH	CHECKS	
8/20/2012	13,718.23		
11/6/2012	663.40	1,287.69	
11/7/2012	62.00	3,111.00	
11/8/2012	1,036.75	10,036.55	
11/8/2012	147.06	-	
11/9/2012	1,702.53	440.00	Replacement Ck for 1,500 rec'd
11/13/2012	772.06	1,029.62	off by .50, Bank rec shows 1,802.18
11/14/2012	182.88	287.40	
11/14/2012	1,055.63	1,332.70	
11/16/2012	4,076.18	1,137.86	
11/19/2012	672.85	612.39	
11/19/2012	275.65	87.81	
11/20/2012	1,245.47	78.00	
11/21/2012	982.55	3,122.24	
11/27/2012	1,383.68	224.00	
11/27/2012	375.74	6,300.00	
12/7/2012	383.63	2,269.18	
12/13/2012	310.65	-	
2/14/2013	5,016.67	4,172.63	
2/21/2013	1,024.95		
4/8/2013	2,350.04	66.45	
4/12/2013	2,693.82	5,182.47	
5/17/2013	102.49	100.00	
5/20/2013	72.98	127.17	
5/30/2013	1,235.70	1,500.00	
5/31/2013	745.85	975.00	
6/4/2013	262.35	479.56	
6/4/2013	1,469.13	2,397.51	
6/5/2013	128.21	552.28	
6/6/2013	256.00	201.67	
6/6/2013	68.27	2.14	
6/7/2013	975.40	1,215.74	
6/10/2013	90.00	796.29	
6/11/2013	455.00	655.00	
6/13/2013	709.46	4,158.96	
6/14/2013	712.54	250.41	
6/17/2013	793.31	314.80	
6/17/2013	305.19	638.00	Lorraine
6/19/2013	179.63	-	Lorraine
6/19/2013	1,026.89	1,638.98	
6/20/2013	980.33	1,012.50	
6/21/2013	1,048.91	315.36	
6/24/2013	350.00	60.00	
6/25/2013	429.15	40,119.70	
6/26/2017	702.84		
6/26/2013	66.00	-	
6/26/2013	354.00	950.00	
6/27/2013	59.17	521.71	Lorraine
6/27/2013	120.00	-	
6/28/2013	1,473.63	1,745.64	
7/1/2013	-	2,339.22	
7/2/2013	1,011.45	227.00	
7/3/2013	362.34	340.00	
7/5/2013	-	546.72	No Cash on this Lorraine
7/5/2013	185.76	-	

7/8/2013	1,465.80	8,254.80	
7/8/2013	-	3,641.70	
7/9/2013	530.74	604.70	
7/10/2013	120.16	1,718.66	
7/10/2013	328.40	215.93	Lorraine
7/11/2013	331.00		
7/12/2013	463.26	193.88	
7/15/2013	2,654.37	382.00	
7/16/2013	1,006.11		
7/17/2013	639.68	150.52	
7/18/2013	281.73	93.00	Lorraine
7/18/2013	400.32		
7/19/2013	1,627.15	2,428.15	
7/22/2013	1,387.31	1,155.85	
7/23/2013	189.40	487.05	
7/24/2013	175.00	3,330.39	
7/24/2013	228.42	-	Lorraine
7/25/2013	1,240.00	20.00	
7/26/2013	215.00	2,443.97	
7/29/2013	712.90	4,922.00	\$1000 check replaced

70,861.15
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February 27, 2017

TO: Domingo Sanchez

This letter to inform you that I have resigned my position as Director of Financial Services as of 8:00am today, February 27, 2017.

Respectfully,

Henrietta Trujilo

February 26, 2017

Domingo,

I hoped that we could have met today at your home to go over the Bank Rec adjustments in person but when you suggested we would discuss it on Monday I respected that and I understood.

I hope that in the over six years you have known me, you recognize I am a hard and devoted worker and committed to what I do. I come from a wonderful family and I had a loving upbringing. My parents and grandparents were very hard workers. My children are super and also hard workers and the work they do is one that serves the people of this country every day. I am so very proud of them. My husband who is my rock and my foundation has always been so supportive of my work, never complaining about the long hours. I worked long hours (ridiculous hours) at the Lab so working the hours that I do here at the College comes natural to the both of us. With this said, I hope that after all of this is over, you will be able to find some good that I have provided to this institution.

I want you to know that working under your direction has been the best learning experience of my life and I thank you from the bottom of my heart for all the opportunities that you placed before me. I know this institution survived because of you. Some people may not ever want to acknowledge it but that is the truth. The College would never have survived had you not stepped into this institution's doors.

It is with a heavy and heart that I have to proceed with the rest of this letter. As you know that when my sister was diagnosed with cancer, I left the Lab to help care for her until she was able to return to work. It was very hard to accept but we worked through it and today she continues to fight. To me, she is like the air that I breathe and her illness wears on me every day. When my mother was also diagnosed with cancer it was another blow and although I went about my business, seeing her pain and suffering, and then her death, within me, I went into a very dark place. The emotion, the hurt, the financial responsibilities proved to be too much to handle. I thought I was a strong person but found out otherwise. How I presented myself every day was not at all what I was feeling. Inside I had a feeling of fear and despair on a daily basis. I was able to hide it so well, even my family had no idea. By the time you are reading this letter, most of my family will know, because the emergency I referred to on my text to you this evening is me. I am the emergency.

This takes me to the documents I left in your office. In a box you will find all of the deposits that are part of that amount in question as reconciling items. The truth is that when I reviewed the Bank Recs after Jessica prepared them, I would go in and reclassify the number. She reported the amount as "Deposits in Transit" and I changed it to "Other Reconciling Items". Why you ask? Because those deposits never made it to the bank. In those days, because we were short staffed, I verified the deposits for Ivy and took them to the bank. I was in such a dark place and so fearful and desperate, I am admitting to you that I took the money. Yes, as hard as it is to admit, I did it. I need to clarify that I did not take over \$200,000 because the majority of the dollars that are outstanding were checks and you will find all those checks with the daily deposits in the box. I know your thoughts right now are "what does it matter", "it is still wrong"? Yes it is, I know but I just wanted to at least try to explain the large amount.



I am assuming that before you get to read this letter, I will be talking with my daughter, husband and sister and will be asking my own flesh and blood, my daughter, to listen to my story carefully. I will then be turning myself to her custody and she can accompany me to the Police Department. If there is anything I can do to save her reputation it is this. As hard as it will be for her, her counterparts will have to know that my mistake and stupidity is not who she is and that she truly believes in upholding the law which is how she was taught in our household. Before this hits the news I am going to try and get to my son as well but that will be difficult to accomplish in such a short window. If only I could shield the College from any damage but I know that is impossible.

Domingo, what I did is not at all who I am.....Until a person finds themselves in a dark place and feels like there is no solution, it can happen to anyone. I am not making excuses that is just a fact. Still.....I have done wrong and I am prepared to take my punishment. You probably wonder "why now"?

Since the first time it happened, I have gone to bed and woken up with that worry and guilt every day. No day has had true peace. Continuing to go to church and continuing going out of my way doing things for others was a way to cope but it never took the pain and worry away. I continued to work the long hours hoping that the guilt would cease a bit but it did not. Every day, I prayed that a lawsuit that was ongoing with my mother's family would be settled in my favor so that I could take care of it but it did not settle in our favor and only caused more despair. That is when the bottom gave way and I saw no repair in the future.

I know these words seem empty and I hope you have continued reading. Domingo I am so sorry. This is not your fault and if I am given a chance to speak out through this punishment process, I will state without reservation that this should not reflect on you. My hope is that you will share this letter with the Board, not so that they can feel sorry for me or to find an excuse for me but so that they know how important you are to NNMC and that this should not be a reflection on you. You may not want to continue to read what I have to say but I want to at least explain, where I am in my life. I am about to lose everything in my life, my career, my family, the love of so many but I know I cannot turn it back and I have to face it.

When the deadline for the Audit was coming close, I just could not make myself break the news to my family during the Holidays. Selfishly, I just wanted to have one last time with my family during the Holidays. Then I did find the FY10 entries which I still believe have some errors but that is neither here nor there.

It is very important that you, the President, the Auditors, and the Board know that Ivy and Jessica have no fault in this. They continually followed up with me regarding these outstanding items. I always came up with some stupid response about the deposits having issues at the bank and at times I knew they wondered. They, like you, trusted me and would step back. Please do not blame any of this on them. They are innocent of all of this. I beg you to please not take any action to make them pay for something that was solely my problem and solely my doing. They are good people only trying to work for a living.

I have released all the rec files to Evette that Jessica provided (originals), not the adjusted recs. I have told her not to release them until you give her the go ahead. I want you to have the time to read this letter before you are surprised by the auditors if we release the recs early to them. I want you to look at them first.

At this point there is nothing left but to resign from my position. I cleaned out my office and left all bank tokens, keys, and equipment on my desk. I left a list of things I was working on and things that need to happen in the next few months. I have also left a list for you in your office. I left everything marked in piles as well.

I know it sounds weird that I am still praying but I do pray with all of my being that the College can somehow find a bit of shielding from this terrible thing I have committed and that it continues to prosper.

Please share this letter with the President and the Board as I just cannot find it within myself to write separate letters for everyone. I don't know how to reach out to my staff or the College Community as I do not want to cause more trouble for the College than I already have. I don't know how this works but once I go to the Police Department and turn myself in I don't know how quickly it will be out in the media.

I am so sorry Domingo. You are a great man and committed to your work. I don't know what else to say.

Henri